

1. Company details

Name of entity:	Big River Industries Limited
ABN:	72 609 901 377
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	5.9% to	133,529,424
Loss from ordinary activities after tax attributable to the owners of Big River Industries Limited	down	374.4% to	(6,212,335)
Loss for the half-year attributable to the owners of Big River Industries Limited	down	374.4% to	(6,212,335)
		31 Dec 2020 Cents	31 Dec 2019 Cents
Basic earnings per share		(9.79)	3.65
Diluted earnings per share		(9.79)	3.65

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend paid on 6 October 2020	2.40	2.40

On 23 February 2021, the directors determined a fully franked interim dividend of 2.6 cents per fully paid ordinary share to be paid on 21 April 2021.

Comments

The loss for the Group after providing for income tax amounted to \$6,212,335 (31 December 2019: profit of \$2,264,220) due to an asset impairment of \$9,353,777. Excluding the impact of the asset impairment, the profit of the Group after providing for income tax amounted to \$3,141,442, up 38.7% on the previous corresponding period.

Refer to the Interim Report attached to this Appendix 4D for detailed explanation and commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	66.27	67.46

	Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
Net assets	78,064,168	70,003,349
Intangibles	(29,634,942)	(27,861,083)
Net tangible assets	<u>48,429,226</u>	<u>42,142,266</u>
Ordinary shares (No.)	<u>73,077,225</u>	<u>62,468,912</u>

4. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The dividend reinvestment plan dated 10 December 2019 is in operation, which can be downloaded at <http://bigriverindustries.com.au/Investors/?page=Corporate-Governance>

The last date(s) for receipt of election notices for the dividend or distribution plans: 22 March 2021

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of Big River Industries Limited for the half-year ended 31 December 2020 is attached.

7. Signed


Signed _____

Date: 23 February 2021

Stephen Parks
Chief Financial Officer and Company Secretary
Sydney

Big River Industries Limited

ABN 72 609 901 377

Interim Report - 31 December 2020

Directors' report	2
Auditor's independence declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Directors' declaration	20
Independent auditor's review report to the members of Big River Industries Limited	21

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Big River Industries Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Big River Industries Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

James Bernard Bindon
 Martin Kaplan
 Malcolm Geoffrey Jackman
 Vicky Papachristos
 Brendan York

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the manufacture of veneer, plywood and formply, and the distribution of building supplies.

Dividends

Dividends paid during the financial half-year were as follows:

	Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
Final dividend of 2.4 cents per fully paid ordinary share paid on 6 October 2020 (2019: 2.2 cents paid on 4 October 2019)	<u>1,499,254</u>	<u>1,374,316</u>

On 23 February 2021, the directors determined a fully franked interim dividend of 2.6 cents per fully paid ordinary share to be paid on 21 April 2021.

Review of operations

Revenue for the half-year ended 31 December 2020 was \$133.5 million, up 5.9% from \$126.1 million in the previous corresponding period.

Excluding the impact of the non-cash asset impairment discussed below, the Company reported a net profit after tax of \$3.1 million, up 39% from \$2.3 million in the previous corresponding period.

	Statutory 1H21 \$'000	Underlying ⁽¹⁾ 1H21 \$'000	Statutory 1H20 \$'000
EBITDA (before acquisition costs)	10,018	10,018	8,726
Acquisition costs	(222)	(222)	(325)
EBITDA	<u>9,796</u>	<u>9,796</u>	<u>8,401</u>
Depreciation	(4,375)	(4,375)	(3,908)
Asset Impairment ⁽¹⁾	<u>(12,845)</u>	<u>-</u>	<u>-</u>
EBIT	(7,424)	5,421	4,493
Interest	(965)	(965)	(1,279)
NPBT	<u>(8,389)</u>	<u>4,456</u>	<u>3,214</u>
Tax	<u>2,177</u>	<u>(1,314)</u>	<u>(950)</u>
NPAT	<u>(6,212)</u>	<u>3,142</u>	<u>2,264</u>

(1) Refer to details in Significant changes in the state of affairs

The asset impairment arises from the Company being approved for a \$10.0m Government Grant to assist with consolidating its manufacturing operations onto one site based in Grafton NSW and the resulting closure of the Wagga Wagga NSW site in due course.

After the non-cash asset impairment (net of tax) of \$9.4 million is taken into account as outlined in the significant changes in the state of affairs below, the statutory net loss after tax for the half-year is \$6.2 million.

Excluding the non-cash asset impairment, EBITDA contribution from manufacturing operations was \$1.9 million, up from \$0.7 million in the previous corresponding period.

EBITDA from distribution activities was \$10.1 million compared to \$9.9 million in the previous corresponding period.

Net costs from corporate activities were \$2.0 million, steady with the previous financial year.

Significant changes in the state of affairs

On 3 November 2020, the Company announced that it had been approved for a Government Grant totalling \$10.0 million under the NSW Governments Bushfire Industry Recovery Package – Sector Development Grants.

The Government Grant will support a consolidation of the Company's current manufacturing operations onto one site at Grafton NSW which will result in the closure of the Wagga Wagga NSW site.

As a result, the Company booked a non-cash impairment of the assets at Wagga Wagga of \$12.8 million (\$9.4 million net of tax) comprising buildings \$1.2 million, plant and equipment \$10.6 million, and restoration costs of \$1.0 million.

It is expected that the gradual closure and sale of assets, once complete, will generate a cash surplus of circa \$10.0 million after receipt of the Government Grant, utilisation of an expected future tax benefit from the impaired assets, release of working capital less the payment of cash closure costs, and the additional capital investment expansion at Grafton.

On 7 December 2020 the Company announced it had agreed to acquire the trading business and assets of Timberwood Panels Pty Ltd (Timberwood) (the Acquisition) located in Victoria and the ACT for a purchase price of \$22.5 million subject to certain conditions precedent, all of which are expected to be satisfied.

The consideration payable for the Acquisition comprises an upfront cash payment of \$18.5 million and the issue of \$4.0 million of fully paid ordinary shares in the Company ranking equally in all respects from the issue date with existing fully paid ordinary shares in the Company (New Shares), to be issued at a deemed price of \$1.35 per share (3.0 million shares) on completion of the Acquisition.

The acquisition is to be funded via a \$20.4 million Institutional Placement (Placement), comprising a \$14.3 million fully underwritten placement and a \$6.1 million conditional placement and the \$4.0 million of New Shares to be issued to the Vendor.

In addition to the up-front consideration, there will be up to \$6.0 million in earn out payments payable in cash to the vendors of Timberwood over three years after completion of the Acquisition on the basis of achieving various growth EBITDA targets.

On 15 December 2020, the Company issued 10.6 million ordinary shares at an issue price of \$1.35 per share as part of the Institutional Placement above.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 18 February 2020, the Company obtained Shareholder approval at the Company's EGM to issue 4.5 million ordinary shares at an issue price of \$1.35 per share to complete the Placement to part fund the Acquisition of Timberwood.

On 18 February 2020, the Company obtained Shareholder approval at the Company's EGM to issue 3.0 million ordinary shares to the vendor of Timberwood at an issue price of \$1.35 per share subject to completion of the Acquisition.

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend determined as discussed above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm Jackman
Chairman

23 February 2021
Sydney



James Bindon
Managing Director

The Board of Directors
Big River Industries Limited
Trenayr Road
Junction Hill, NSW 2480

23 February 2021

Dear Board Members

Auditor's Independence Declaration to Big River Industries Limited

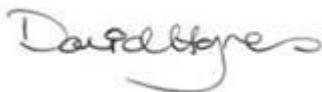
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Big River Industries Limited.

As lead audit partner for the review of the half-year financial report of Big River Industries Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully


DELOITTE TOUCHE TOHMATSU



David Haynes
Partner
Chartered Accountants

Big River Industries Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



		Group	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue	4	133,529,424	126,116,467
Other income	5	318,569	15,133
Expenses			
Raw materials and consumables used	6	(95,715,172)	(89,289,181)
Selling and distribution expense		(3,083,110)	(3,137,782)
Employee benefits expense		(18,678,609)	(18,405,967)
Occupancy expense		(2,146,040)	(2,589,977)
General and administration expense		(3,627,623)	(3,639,310)
Acquisition costs		(222,519)	(325,432)
Depreciation and amortisation expense	6	(4,375,408)	(3,908,043)
Impairment of receivables	8	(579,076)	(342,676)
Impairment of assets	7	(12,844,522)	-
Finance costs	6	(964,911)	(1,278,860)
Profit/(loss) before income tax (expense)/benefit		(8,388,997)	3,214,372
Income tax (expense)/benefit		2,176,662	(950,152)
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Big River Industries Limited		(6,212,335)	2,264,220
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		39,781	152,859
Other comprehensive income for the half-year, net of tax		39,781	152,859
Total comprehensive income for the half-year attributable to the owners of Big River Industries Limited		(6,172,554)	2,417,079
		Cents	Cents
Basic earnings per share	17	(9.79)	3.65
Diluted earnings per share	17	(9.79)	3.65

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Group	
	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		6,454,432	8,712,184
Trade and other receivables	8	36,079,305	43,563,921
Inventories		38,854,448	38,209,452
Other		1,645,010	1,130,402
Total current assets		<u>83,033,195</u>	<u>91,615,959</u>
Non-current assets			
Property, plant and equipment	9	15,023,736	27,838,947
Right-of-use assets	10	17,316,670	18,460,358
Intangibles	11	29,634,942	29,578,070
Deferred tax		6,477,715	2,808,505
Total non-current assets		<u>68,453,063</u>	<u>78,685,880</u>
Total assets		<u>151,486,258</u>	<u>170,301,839</u>
Liabilities			
Current liabilities			
Trade and other payables		29,884,717	38,439,060
Borrowings	12	1,442,100	2,816,267
Lease liabilities	13	5,640,057	5,272,759
Income tax		357,870	863,342
Provisions		5,785,281	4,491,826
Contingent consideration		1,682,626	1,424,042
Total current liabilities		<u>44,792,651</u>	<u>53,307,296</u>
Non-current liabilities			
Borrowings	12	12,227,415	25,850,000
Lease liabilities	13	14,670,013	16,251,410
Deferred tax		240,155	284,059
Provisions		856,270	646,714
Contingent consideration		635,586	2,230,120
Total non-current liabilities		<u>28,629,439</u>	<u>45,262,303</u>
Total liabilities		<u>73,422,090</u>	<u>98,569,599</u>
Net assets		<u>78,064,168</u>	<u>71,732,240</u>
Equity			
Issued capital	14	83,111,610	69,286,174
Reserves		(132,171)	(350,252)
Retained profits/(accumulated losses)		(4,915,271)	2,796,318
Total equity		<u>78,064,168</u>	<u>71,732,240</u>

Group	Issued capital \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	61,325,301	1,764	-	(375,569)	60,951,496
Profit after income tax expense for the half-year	-	-	-	2,264,220	2,264,220
Other comprehensive income for the half-year, net of tax	-	152,859	-	-	152,859
Total comprehensive income for the half-year	-	152,859	-	2,264,220	2,417,079
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	7,948,314	-	-	-	7,948,314
Share-based payments	-	-	60,776	-	60,776
Dividends paid (note 15)	-	-	-	(1,374,316)	(1,374,316)
Balance at 31 December 2019	<u>69,273,615</u>	<u>154,623</u>	<u>60,776</u>	<u>514,335</u>	<u>70,003,349</u>

Group	Issued capital \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	69,286,174	(350,252)	-	2,796,318	71,732,240
Loss after income tax benefit for the half-year	-	-	-	(6,212,335)	(6,212,335)
Other comprehensive income for the half-year, net of tax	-	39,781	-	-	39,781
Total comprehensive income for the half-year	-	39,781	-	(6,212,335)	(6,172,554)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 14)	13,825,436	-	-	-	13,825,436
Share-based payments	-	-	178,300	-	178,300
Dividends paid (note 15)	-	-	-	(1,499,254)	(1,499,254)
Balance at 31 December 2020	<u>83,111,610</u>	<u>(310,471)</u>	<u>178,300</u>	<u>(4,915,271)</u>	<u>78,064,168</u>

	Group	
Note	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	154,832,413	148,155,767
Payments to suppliers and employees (inclusive of GST)	<u>(147,225,687)</u>	<u>(143,909,347)</u>
	7,606,726	4,246,420
Other revenue	379	103,207
Interest and other finance costs paid	(924,911)	(758,687)
Income taxes paid	<u>(1,830,531)</u>	<u>(980,379)</u>
Net cash from operating activities	<u>4,851,663</u>	<u>2,610,561</u>
Cash flows from investing activities		
Payment for purchase of businesses, net of cash acquired	-	(1,773,945)
Final payments for prior period's business acquisitions	-	(14,697,412)
Payments for property, plant and equipment	(437,625)	(546,348)
Payments for intangibles	(237,411)	(373,255)
Payments of deferred consideration	(1,224,042)	(250,000)
Proceeds from disposal of property, plant and equipment	<u>121,515</u>	<u>15,133</u>
Net cash used in investing activities	<u>(1,777,563)</u>	<u>(17,625,827)</u>
Cash flows from financing activities		
Proceeds from issue of shares	13,825,436	6,054,887
Proceeds from borrowings	-	9,030,000
Repayment of borrowings	(13,622,585)	-
Net lease repayments	(2,621,736)	(293,030)
Dividends paid	15 (1,499,254)	<u>(1,374,316)</u>
Net cash from/(used in) financing activities	<u>(3,918,139)</u>	<u>13,417,541</u>
Net decrease in cash and cash equivalents	(844,039)	(1,597,725)
Cash and cash equivalents at the beginning of the financial half-year	5,895,917	695,983
Effects of exchange rate changes on cash and cash equivalents	<u>(39,546)</u>	<u>73,115</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>5,012,332</u></u>	<u><u>(828,627)</u></u>

Note 1. General information

The financial statements cover Big River Industries Limited as a Group consisting of Big River Industries Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ('Group'). The financial statements are presented in Australian dollars, which is Big River Industries Limited's functional and presentation currency.

Big River Industries Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Trenayr Road
Junction Hill NSW 2460

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment as the Group operated predominantly in Australia and in one industry being the supply of building products. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly the information provided in this Interim Report reflects the one operating segment.

	Revenue from external customers		Geographical non-current assets	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	30 Jun 2020
	\$	\$	\$	\$
Australia	120,212,098	111,991,047	40,761,022	53,975,703
New Zealand	13,316,947	14,022,213	21,214,326	21,901,672
	<u>133,529,045</u>	<u>126,013,260</u>	<u>61,975,348</u>	<u>75,877,375</u>

The Group's revenue is generated from sales of building products in Australia and New Zealand. The geographic split of this revenue across all companies is: a) Australia (90%) and b) New Zealand (10%).

Note 3. Operating segments (continued)

The geographical non-current assets above are exclusive of deferred tax assets.

Note 4. Revenue

	Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	<u>133,529,045</u>	<u>126,013,260</u>
<i>Other revenue</i>		
Other revenue	<u>379</u>	<u>103,207</u>
Revenue	<u><u>133,529,424</u></u>	<u><u>126,116,467</u></u>

Disaggregation of revenue

Disaggregation of revenue is already disclosed in note 3. All of the Group's revenue is recognised at a point in time.

Note 5. Other income

	Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
Net gain on disposal of property, plant and equipment	118,569	15,133
Remeasurement of contingent consideration	<u>200,000</u>	<u>-</u>
Other income	<u><u>318,569</u></u>	<u><u>15,133</u></u>

Note 6. Expenses

	Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	95,715,172	89,289,181
<i>Depreciation</i>		
Buildings	84,160	83,622
Plant and equipment	1,316,613	1,211,599
Buildings right-of-use assets	2,749,427	2,330,900
Total depreciation	4,150,200	3,626,121
<i>Amortisation</i>		
Customer relationships	112,065	264,000
Software	102,000	-
Product development	11,143	17,922
Total amortisation	225,208	281,922
Total depreciation and amortisation	4,375,408	3,908,043
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	641,253	834,602
Interest and finance charges paid/payable on lease liabilities	323,658	444,258
Finance costs expensed	964,911	1,278,860
<i>Unrealised foreign exchange loss</i>		
Unrealised foreign exchange loss	220,371	-
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,150,066	1,116,572
<i>Share-based payments expense</i>		
Share-based payments expense	178,300	-

Note 7. Impairment of assets

	Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
Buildings (note 9)	1,208,706	-
Plant and equipment (note 9)	10,649,816	-
Site restoration cost provision	986,000	-
	12,844,522	-
Tax on above	(3,490,745)	-
After tax impact of impairment	9,353,777	-

On 3 November 2020, the Company announced that it had been approved for a Government Grant totalling \$10.0 million under the NSW Governments Bushfire Industry Recovery Package – Sector Development Grants. The Company still needs to execute the appropriate Funding Deed from The Department of Regional NSW.

Note 7. Impairment of assets (continued)

The Government Grant will support a consolidation of the Company's current manufacturing operations onto one site at Grafton NSW which will result in the closure of the Wagga Wagga NSW site.

As a result, the Company booked a non-cash impairment of the assets at Wagga Wagga of \$12.8 million (\$9.4 million net of tax) comprising buildings \$1.2 million, plant and equipment \$10.6 million, and restoration costs of \$1.0 million.

Note 8. Trade and other receivables

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current assets</i>		
Trade receivables	35,221,568	43,453,313
Less: Allowance for expected credit losses	<u>(1,796,166)</u>	<u>(1,683,490)</u>
	33,425,402	41,769,823
Other receivables	<u>2,653,903</u>	<u>1,794,098</u>
	<u><u>36,079,305</u></u>	<u><u>43,563,921</u></u>

Allowance for expected credit losses

The Group has recognised a loss of \$579,076 in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2020 (31 December 2019: loss of \$342,676).

The impact of expected credit losses on other receivables is immaterial.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Group	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	%	%	\$	\$	\$	\$
Not overdue	0.50%	-	19,212,661	25,777,435	96,063	-
0 to 3 months overdue	1.00%	1.00%	14,519,079	15,312,077	145,191	153,121
3 to 6 months overdue	17.00%	15.00%	1,506,713	944,689	256,141	141,703
Over 6 months overdue	49.25%	43.20%	2,637,018	3,213,210	1,298,771	1,388,666
			<u>37,875,471</u>	<u>45,247,411</u>	<u>1,796,166</u>	<u>1,683,490</u>

Debtors are written off when the cash is no longer considered collectable. The Group has insurance policies over most long standing debt which limits its credit risk.

Note 9. Property, plant and equipment

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Freehold land - at cost	855,701	855,701
Buildings - at cost	6,058,878	6,052,389
Less: Accumulated depreciation	(850,842)	(766,682)
Less: Impairment	(1,208,706)	-
	<u>3,999,330</u>	<u>5,285,707</u>
Plant and equipment - at cost	26,873,258	28,291,312
Less: Accumulated depreciation	(6,054,737)	(6,593,773)
Less: Impairment	(10,649,816)	-
	<u>10,168,705</u>	<u>21,697,539</u>
	<u><u>15,023,736</u></u>	<u><u>27,838,947</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Group	Freehold land \$	Buildings \$	Plant and equipment \$	Total \$
Balance at 1 July 2020	855,701	5,285,707	21,697,539	27,838,947
Additions	-	6,489	431,136	437,625
Disposals	-	-	(2,946)	(2,946)
Exchange differences	-	-	9,405	9,405
Impairment of assets	-	(1,208,706)	(10,649,816)	(11,858,522)
Depreciation expense	-	(84,160)	(1,316,613)	(1,400,773)
Balance at 31 December 2020	<u><u>855,701</u></u>	<u><u>3,999,330</u></u>	<u><u>10,168,705</u></u>	<u><u>15,023,736</u></u>

Note 10. Right-of-use assets

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	25,071,694	23,465,955
Less: Accumulated depreciation	(7,755,024)	(5,005,597)
	<u><u>17,316,670</u></u>	<u><u>18,460,358</u></u>

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 2 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 10. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Group	Buildings - right of-use \$
Balance at 1 July 2020	18,460,358
Additions	1,580,486
Exchange differences	25,253
Depreciation expense	<u>(2,749,427)</u>
Balance at 31 December 2020	<u><u>17,316,670</u></u>

Note 11. Intangibles

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Goodwill	<u>27,101,140</u>	<u>27,059,018</u>
Customer relationships	2,373,029	2,707,184
Less: Accumulated amortisation	<u>(1,584,000)</u>	<u>(1,808,637)</u>
	789,029	898,547
Software - at cost	1,773,099	1,539,129
Less: Accumulated amortisation	<u>(170,000)</u>	<u>(68,000)</u>
	1,603,099	1,471,129
Product development - at cost	188,662	185,221
Less: Accumulated amortisation	<u>(46,988)</u>	<u>(35,845)</u>
	141,674	149,376
	<u><u>29,634,942</u></u>	<u><u>29,578,070</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Group	Goodwill	Customer relationships	Software	Product development	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	27,059,018	898,547	1,471,129	149,376	29,578,070
Additions	-	-	233,970	3,441	237,411
Exchange differences	42,122	2,547	-	-	44,669
Amortisation expense	-	<u>(112,065)</u>	<u>(102,000)</u>	<u>(11,143)</u>	<u>(225,208)</u>
Balance at 31 December 2020	<u><u>27,101,140</u></u>	<u><u>789,029</u></u>	<u><u>1,603,099</u></u>	<u><u>141,674</u></u>	<u><u>29,634,942</u></u>

Note 12. Borrowings

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Bank overdraft and trade finance	1,442,100	2,816,267
<i>Non-current liabilities</i>		
Bank bills	12,227,415	25,850,000

The reduction in non-current bank bills was made from the proceeds of the capital raise made on 15 December 2020 and is expected to be temporary in nature, as the proceeds are to be used to partly fund the acquisition of Timberwood.

Assets pledged as security

The bank bills are secured by first mortgages over the Group's assets.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Total facilities</i>		
Bank overdraft and trade finance	18,247,351	19,170,849
Bank bills	26,000,000	26,000,000
Asset finance	3,900,000	3,900,000
	<u>48,147,351</u>	<u>49,070,849</u>
<i>Used at the reporting date</i>		
Bank overdraft and trade finance	1,442,100	2,816,267
Bank bills	12,227,415	25,850,000
Asset finance	1,954,938	2,000,173
	<u>15,624,453</u>	<u>30,666,440</u>
<i>Unused at the reporting date</i>		
Bank overdraft and trade finance	16,805,251	16,354,582
Bank bills	13,772,585	150,000
Asset finance	1,945,062	1,899,827
	<u>32,522,898</u>	<u>18,404,409</u>

Note 13. Lease liabilities

	Group	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Lease liability - finance lease	607,010	492,420
Lease liability - right-of-use lease	5,033,047	4,780,339
	<u>5,640,057</u>	<u>5,272,759</u>
<i>Non-current liabilities</i>		
Lease liability - finance lease	1,347,928	1,507,753
Lease liability - right-of-use lease	13,322,085	14,743,657
	<u>14,670,013</u>	<u>16,251,410</u>

Note 14. Issued capital

	Group			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 \$	30 Jun 2020 \$
Ordinary shares - fully paid	73,077,225	62,468,912	83,111,610	69,286,174

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	62,468,912		69,286,174
Issue of shares	6 October 2020	8,313	\$1.44	11,993
Issue of shares	15 December 2020	10,600,000	\$1.35	14,310,000
Transaction costs arising on share issue, net of tax				(496,557)
Balance	31 December 2020	<u>73,077,225</u>		<u>83,111,610</u>

Note 15. Dividends

Dividends paid during the financial half-year were as follows:

	Group	
	31 Dec 2020 \$	31 Dec 2019 \$
Final dividend of 2.4 cents per fully paid ordinary share paid on 6 October 2020 (2019: 2.2 cents paid on 4 October 2019)	<u>1,499,254</u>	<u>1,374,316</u>

On 23 February 2021, the directors determined a fully franked interim dividend of 2.6 cents per fully paid ordinary share to be paid on 21 April 2021.

Note 16. Contingent liabilities

The Group has given bank guarantees as at 31 December 2020 of \$2,393,867 (30 June 2020: \$2,353,231) to various landlords.

Note 17. Earnings per share

	Group	
	31 Dec 2020 \$	31 Dec 2019 \$
Profit/(loss) after income tax attributable to the owners of Big River Industries Limited	<u>(6,212,335)</u>	<u>2,264,220</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>63,452,191</u>	<u>62,045,541</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>63,452,191</u>	<u>62,045,541</u>
	Cents	Cents
Basic earnings per share	(9.79)	3.65
Diluted earnings per share	(9.79)	3.65

Options over ordinary shares were excluded from the above calculations as they are not dilutive. As at 31 December 2020, the performance conditions in relation to the performance rights issued were not met and, accordingly, the performance rights under employee share plans have not been included as dilutive.

Note 18. Share-based payments

Unlisted options

The terms and conditions of options granted are detailed in the 30 June 2020 Annual Report.

Set out below are summaries of options granted under the plan:

31 Dec 2020

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
19/02/2016	19/02/2021	\$2.00	1,185,000	-	-	-	1,185,000
13/02/2017	13/02/2022	\$2.20	45,455	-	-	-	45,455
			1,230,455	-	-	-	1,230,455

31 Dec 2019

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
19/02/2016	19/02/2021	\$2.00	1,185,000	-	-	-	1,185,000
13/02/2017	13/02/2022	\$2.20	45,455	-	-	-	45,455
			1,230,455	-	-	-	1,230,455

Performance rights

The terms and conditions of performance rights granted are detailed in the 30 June 2020 Annual Report.

Set out below are summaries of performance rights granted:

31 Dec 2020

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
23/11/2018	23/11/2023	341,355	-	-	-	341,355
28/11/2019	28/11/2024	677,590	-	-	-	677,590
01/12/2020	01/12/2025	-	541,662	-	-	541,662
		1,018,945	541,662	-	-	1,560,607

31 Dec 2019

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
23/11/2018	23/11/2023	341,355	-	-	-	341,355
28/11/2019	28/11/2024	-	677,590	-	-	677,590
		341,355	677,590	-	-	1,018,945

Valuation model inputs

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Dividend yield	Risk-free interest rate	Fair value at grant date
01/12/2020	01/12/2025	\$1.45	3.31%	0.41%	\$1.312

Note 19. Events after the reporting period

On 18 February 2020, the Company obtained Shareholder approval at the Company's EGM to issue 4.5 million ordinary shares at an issue price of \$1.35 per share to complete the Placement to part fund the Acquisition of Timberwood.

On 18 February 2020, the Company obtained Shareholder approval at the Company's EGM to issue 3.0 million ordinary shares to the vendor of Timberwood at an issue price of \$1.35 per share subject to completion of the Acquisition.

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend determined as disclosed in note 15, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm Jackman
Chairman

23 February 2021
Sydney



James Bindon
Managing Director

Independent Auditor's Review Report to the Members of Big River Industries Limited

Conclusion

We have reviewed the half-year financial report of Big River Industries Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

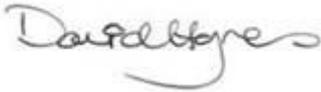
Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



David Haynes
Partner
Chartered Accountants
Sydney, 23 February 2021